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HOW TO BUY LAND IN CANADA

BY

MAJOR MONTAGUE L. HORNBY
D.S.O., J.P., F.R.G.S.



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AUTHOR'S PREFACE

THE contents of this little book were originally contributed by me in the form of serial articles to "Canada," the leading illustrated Anglo-Canadian Journal published in London.

At the suggestion of a number of those who have read them, I now publish them in a collected form, and in doing so, I have revised and re-arranged them.

M. L. H.

Army and Navy Club,
Pall Mall, S.W.

May 1913.

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HOW TO BUY LAND IN CANADA

I.—ENGLISH v. CANADIAN AGRICULTURAL LAND.

The Sale of English Landed Estates and the Purchase of Canadian Agricultural Land by Englishmen.

SCARCELY a week has passed during the last year without one's reading, in the London or the local Press, some fresh announcement of the sale of an English landed estate, and often of several. The *Times*, of May 29th, 1912, contained the announcement of forthcoming sales, by one firm alone, of a score or more of landed estates, ranging from 100 acres to 75,000 acres, and aggregating over 200,000 acres. Such sales have been going on for some time past, and up to the present there seems to be little diminution in their volume.

Concurrently with this one learns, through the medium of the public Press and from private sources, that wealthy Englishmen are purchasing

large tracts of agricultural land in Western Canada, and in several cases it is known that the purchasers are among those who have sold landed estates in England.*

It would be of little practical value, for present purposes, to discuss the various reasons which actuate individuals to sell English and to buy Canadian agricultural property. In some cases the reasons are said to be political, but it is probable that in most cases they are purely personal and of a financial nature. The fact that such exchanges of property are going on is all that concerns us at the present moment, and the writer only proposes to discuss the financial results of such exchanges to those who make them.

The best means of obtaining a clear perspective of the financial results of such exchanges is to take a particular case as an example. Let us take the imaginary case of a man owning a property of 5000 acres in England, let at an average of thirty shillings per acre, and having an annual rent roll of £7500. Let us assume that the property instanced is mortgaged, as a considerable number of English landed estates are. For the purpose of our calculations let us put the mortgage down at £8 per acre, a total of £40,000, running at 4 per cent. interest, the annual interest payment being £1600.

* Vide note at conclusion of this article, page 5.

From the rent roll of £7500 must be deducted, first, 20 per cent. for management, maintenance, and repairs, that is to say, £1500; and secondly, the mortgage interest payment of £1600. This leaves a net income of £4400. If sold at the present time this estate might reasonably be expected to realise £35 per acre. This would be on the basis of twenty-five years' purchase, which is a fair figure for land let at 30s. per acre. At this rate the estate would bring a total of £175,000. From this total must be deducted the mortgage of £40,000, which would have to be repaid. There would then remain, as the result of the sale of the estate, a capital sum of £135,000.

If this capital sum were invested in first mortgages on Canadian real estate (one of the safest forms of investment) at 6 per cent. interest, it would give an annual income of £8100, almost double the annual income from the English estate just sold; if invested partly in first mortgages at 6 per cent. interest, and partly in Government guaranteed railway bonds, bringing in 4 per cent., which are the acme of safety, it would produce, taking the average rate of interest as 5 per cent., an annual income of £6750, or more than half as much again as the income produced by the English estate. In either case there is a substantial increase in actual income, with security of capital, although from the

very nature of the new investments there is no capital appreciation to be looked for.

A gradual appreciation of the capital value of one's investments is, however, only a reasonable anticipation in a new country like Canada, where immigration is on an enormous scale, where agricultural development is rapid, and where there is continuous and rapid expansion in all industries. The soundest and most practical business men in Canada look for gradual capital appreciation in all their holdings, and it can be obtained by every businesslike investor, while acting on cautious and conservative lines. In the instance which we are discussing the most advantageous course to adopt is to invest in first mortgages and in Government guaranteed railway bonds such portion of the net capital sum realised by the sale of the English estate as will bring in an annual income equivalent to the annual income of the estate sold, and to invest the surplus capital in the purchase and development of a Canadian landed estate. Now, in order to obtain the annual income of £4400 it would be necessary to set aside the capital sum of £88,000, to be invested, as shown above, at the average rate of 5 per cent. This would leave a surplus capital of £47,000 available for the purchase and development of a new estate in Canada.

In Western Canada undeveloped agricultural

land, of good quality and well located, can be obtained for between £3 and £4 per acre.† If an estate of 5000 acres were purchased for £3 10s. per acre, the total purchase price would be £17,500. There would then still be left a balance of about £30,000 available for development purposes, that is to say, buildings, fencing, breaking, etc. This sum would be sufficient to gradually bring the whole property into a high state of development. It could not, of course, be hoped to obtain any appreciable income during the first year, but for the second year there should be a small return, which would gradually increase, until after the end of five years the estate would, with careful and active management, produce a regular annual income ranging from a minimum of £2500 per annum upwards. The capital value of the estate would gradually appreciate in proportion with the general growth and increased prosperity of the West, which seems now assured.

† See page 6.

* Note—The following notices and news paragraphs, culled from the Press during the past twelve months, are of interest as instancing cases of Englishmen who have purchased land in Western Canada, and who have sold, or are offering for sale, their landed estates in England.

SALES OF ENGLISH ESTATES.

The Duke of Sutherland's agricultural and sporting property, known as the Stitthenham Estate at Sheriff Hutton, nine miles from Malton, and ten miles from York, was offered yesterday at York by Messrs. Knight, Frank and

PURCHASES OF AGRICULTURAL LAND IN THE CANADIAN WEST.

The Central British Columbia Agency send us an interesting description of the property near Fort George purchased from the North Coast Land Co

Rutley. The property extends to 1,637 acres, and has a rent roll of £1,606 a year. Mr. Frank stated that the Duke of Sutherland regretted the severance of his connexion with the property. Although the rents had often been reduced, they had never once been raised. Every lot changed hands, the realizations amounting to £45,754. Among the lots were Woodend Farm, 267 acres, for £4,650; Carr Farm, 211 acres, £3,550; Stittenham Hall Farm, 129 acres, £3,400; and Sheep's-Close Farm, 280 acres, £7,800. (*Times*, of 5th June, 1912).

By order of His Grace the Duke of Sutherland, K.G., Shropshire, Lilleshall Estate, highly important sale, of upwards of 8,500 acres, with a total annual rental of upwards of £13,000. (*Wellington Journal* of June 1st, 1912.)

The Duke of Sutherland, who has for time past been acquiring large tracts of land in Western Canada, has just concluded the sale of about 50,000 acres in the Assynt district of Sutherlandshire, to Mr. J. W. Stewart, a native of Sutherland, who is now a wealthy railway contractor in Vancouver, B.C. (*Canada*, of 29th March, 1913).

* * * * *

Lord Joicey has decided to sell his Welsh Estate, Gregynog, Montgomeryshire, close to Newtown, and Shrewsbury. It is over 11 miles in width. The farms, of which there are over 200, are in first rate condition, with model buildings, and produce some £12,000 a year. The estate is reputed to possess some of the highest pheasant shooting in the Kingdom, and there are hundreds of acres of coverts. It extends to nearly 16,000 acres, and has a "black-and-white" mansion of Elizabethan design. The sale is entrusted to Messrs. Collins and Collins, and the estate will be offered in July as a whole, and, if not thus sold, in about 100 lots, at Newtown. (*Times*, of March 3rd, 1913).

by the Duke of Sutherland, and named by him Strathnaver. The property is close to the Fraser River, and about thirty miles from Fort George. This tract has been reserved for British settlers, and the present price of lots is £6 3s. 6d. per acre. The lots consist of 160 acres each. Settlers should have £500 capital. (*Canada*, of 22nd February, 1913).

By degrees the Duke of Sutherland is acquiring extensive holdings of land in Canada. His latest purchase is a tract of land in the Columbia Valley, Windermere district of British Columbia, at a cost of \$100,000. He will build a house there. (*Canada*, of 30th Nov., 1912).

(NOTE.—The Duke of Sutherland is also reported to have made a purchase of agricultural land at Brooks, Alberta.

M.L.H.)

The Exchange Telegraph Company is informed that Lord Joicey has purchased nearly 24,800 acres of mixed farm and dairy farm land at Fort George, British Columbia, for which he paid approximately £450,000 (\$90,000). (*Times*, of 26th September, 1912).

† These figures may be taken as a general guide to prices in newly opened districts in the Prairie Provinces. In British Columbia the price is often higher. Easy access to good Railway facilities of course affects prices, and land which possesses advantages in this respect naturally commands a higher price than land which is not so fortunately situated.

II.—INTRINSIC VALUE AND MARKET PRICE.

*Some observations as to the Real or Intrinsic Value
of Agricultural Land in the Canadian West,
as Compared with its Market Price.*

THE real or intrinsic per-acre value of agricultural land in the Canadian West, that is to say, its capital value, depends mainly, though not entirely, on its annual capacity as a producer of food ; in other words, on its annual productive value. There are, it is true, other factors also to be taken into account, —such, for instance, as climate, social amenities, and educational facilities, all of which may, directly or indirectly, affect the value of land. But their significance as elements affecting value applies rather to special or individual cases, and as a general rule they are of quite secondary importance compared with the question of productive capacity. Annual productive value, then, is the only point which need be considered for our present purpose, which is to make a comparison between real value and market price.

The Productive Value of Land

The productive value of any piece of land depends on a number of considerations—on the description and quality of the crop or stock raised ; on the cost of production, which varies for different crops and stock, and which, while dependant mainly on individual effort, is also affected to some extent by conditions of climate and weather ; on the cost of transportation to market ; and, finally, on the market price of the harvested product or fattened and finished stock, as the case may be. It would be impossible, within the scope of an article of this nature, and, indeed, it would serve no useful purpose to enter into a detailed discussion of all the various crops and stock raised in the Canadian West, of the cost of production in each case, of the transport and other charges incidental to marketing, and of the market prices of all the various products and stock when placed on the market. It will be sufficient for the purpose of this article if we base our calculations on the ascertained figures of yield, cost of production, and market price for the staple product of the country, namely, wheat, which, it is well to mention, is not considered to be such a profitable branch of agriculture as diversified farming, that is to say, mixed grain and stock raising.

Yield of Wheat and Selling Price

The average yield of wheat per acre in the provinces of Manitoba, Saskatchewan, and Alberta for the past twelve years has been about 20 bushels per acre. This figure is so generally accepted as the average yield that it seems unnecessary to quote detailed statistics in support of it. The reader may test its accuracy for himself by referring to the statistical records and publications of the Department of Agriculture of the Dominion Government ; or, if he desires more easily accessible data, he may refer to the comprehensive tables of statistics which are to be found in "Canada To-day, 1912,"* on pages 22 and 23. The average yield of 20 bushels per acre, be it remembered, is the average for good seasons and bad, for good farmers and for bad. Good farmers, however, who employ the most approved methods of cultivation, usually obtain considerably higher yields, 25 or 30 bushels per acre being common, while up to 40 bushels per acre and even more are obtained at the Government experimental and Demonstration Farms from selected samples of seed.

The selling price of wheat is, of course, subject to market fluctuations. A market price of 90

* Published by the Canada Newspaper Company, Kingsway House, Kingsway, London, W.C.

cents. per bushel at Winnipeg is an average price. If we take this figure as the basis of our calculation ; if we assume the cost of freight from the producer's shipping point to Winnipeg to be 12 cents. per bushel, a rate which admits of a haulage of about 1000 miles ; and if we allow 3 cents. per bushel to cover elevator charges and selling agent's commission ; then the net price to the producer comes out at 75 cents. per bushel. This is not a high estimate of what a producer may look for ; nevertheless, it will be best to allow a margin of 10 cents. per bushel, and not to count on a higher net price than 65 cents.

We now come to the cost of production. Here we have less to guide us than in the case of the two preceding calculations, which are based on proved statistics of yield, on an average market price, on existing freight rates, and on customary incidental charges, all of which admit of accurate computations being made. The cost of production depends largely on the industry of the individual farmer and on his ability to regulate and supervise hired labour, factors which cannot be calculated to a nicety ; weather also, always an uncertain factor, has to be reckoned with. A generally accepted figure of the cost of production is \$5 per acre, which includes ploughing, harrowing, seeding, cost of seed, harvesting, threshing, and haulage to shipping

YIELD OF WHEAT AND SELLING PRICE 11

point or elevator. Some experienced farmers consider this figure too high. Others, however, demur to it as not being sufficient to admit of thorough cultivation. The writer prefers to err on the side of conservatism, and, therefore, for the purpose of this article, puts the cost of production at \$5.50 per acre.

The net annual productive value of an acre, then, works out as follows:—

Yield of wheat	20 bushels per acre.
Price of wheat	65 cents. per bushel.
Twenty bushels at 65 cents.....	\$13.
Deduct cost of production	\$5.50 per acre.
<hr/>	
Net annual productive value ..	\$7.50 per acre.

Some people, no doubt, will criticise this result as being an under estimate. Many competent judges consider that \$10 per acre is an average net annual return to be looked for from an acre of wheat ; and it is of interest to note here that the Scottish Agricultural Commission of 1908 came to the conclusion that the net annual revenue from an acre of wheat in the Canadian West is £2 2s., or \$10.50.

The writer, however, will adhere to his own figures and calculations, with the result shown, namely, that \$7.50 is the net annual productive value of an acre of wheat land in the Canadian West,

Capital Value

So much for annual productive value. Let us now turn to capital value. What is the capital value of land which has an annual productive value of \$7.50 per acre? The answer to this question depends on individual opinion as to what percentage of profit may reasonably be expected from capital invested in agricultural land. Seven per cent. is generally accepted as a fair gross return, it being considered that this figure is sufficient to allow of all necessary expenditure on repairs and maintenance of buildings, and to leave a clear 5 per cent. as the investor's net income return. On this basis the capital value of good Canadian agricultural land adapted for wheat growing and properly developed is slightly over \$100 per acre. Considering the inherent security of land as an investment, many investors will be prepared to accept as satisfactory a net income return of 5 per cent. Others, however, may argue that in a newly developed country a gross revenue of 10 per cent. from agricultural land and a net income return of 7 per cent. or 8 per cent. may fairly be looked for. If this latter view be accepted, then land having an annual productive value of \$7.50 per acre has a capital value of \$75 per acre. From \$75 to \$100 per acre may, then, be reckoned as a general value for

developed agricultural land in the Canadian West—of land, that is to say, which has been ploughed, fenced, and equipped with adequate dwelling houses and buildings, and which is within reasonable distance of a shipping point or market—let us say, not more than six miles distant. The above is by no means an excessive valuation. It is to be noted that it applies to agricultural land pure and simple; it must not be taken as applying to land which, though used for agricultural purposes, has a higher value than its pure agricultural value on account of its proximity to a town and the probability of its being in demand in the future for building sites.

Cost of Development

If the capital value of developed agricultural land be taken as being from \$75 to \$100 per acre, the capital value of undeveloped land may be arrived at by deducting from this figure the actual cost of development. The cost of development depends on the nature of the land and the amount of work involved in clearing and breaking it; on the quantity of fencing required; and on the number and description of buildings erected. In a later article* the writer gives calculations of the cost of developing raw prairie land in the Canadian West. The plans and estimates detailed in those articles are applicable

* Article VIII.

to the general case we are now discussing. The total estimate comes to about \$13 per acre for large farms of 640 acres each. In the case of farms of less acreage the per acre cost of development would be proportionately higher—probably \$17 per acre. Taking \$15 per acre as an average, and deducting this sum from the value of developed land as above calculated, we arrive at a real capital value of \$60 to \$85 per acre for raw and undeveloped agricultural land. This figure must be taken as applying to good agricultural land suitable for growing wheat, in a district where convenient railway communications already exist or are assured in the near future. It does not apply to land which is beyond the zone of railway development, the value of which is at present a subject not for reasoned calculation, but of speculation.

Market Prices

So much for intrinsic values. Let us now turn to market prices. Throughout the Canadian West the current market price of both developed and undeveloped land—the price, that is to say, at which it is actually changing hands at the present time, is far below the intrinsic capital values which have been calculated above. Developed land in well settled districts, with ample railway facilities, may be purchased for about \$35 to \$45 per acre,

which is half, or less than half, of its real capital value at a moderate estimate. The current market price of undeveloped land is proportionately even lower. For raw land of good quality within reasonable distance of a shipping point, but in newly opened and, therefore, sparsely settled districts, \$15 to \$20 per acre is asked ; for a large block the lower price would probably be accepted, while the higher figure would be asked for small selected parcels. These prices represent only one-third or one-quarter of the intrinsic capital value of the land.

The investor, when considering or looking over any property with a view to purchase, should make a careful estimate of its intrinsic capital value, calculated on the basis of its annual productive value, as explained in this article. By comparing his own estimated valuation with the price asked for the property he will see at a glance whether the investment is likely to be a profitable one for him or not.

(In the following article, which also deals with values and prices of agricultural land, a comparison is drawn between Canadian land and similar land in the United States ; figures and statistics are given demonstrating how the steady rise in Canadian land values which is now in progress, is following a similar course to that taken by agricultural land in the United States from 1850 up to the present time).

III.—INTRINSIC VALUE AND MARKET PRICE.—*Continued.*

The American Migration to Western Canada— Rises in Land Values.

THE figures and calculations given in the previous article show conclusively that the present market price of Canadian agricultural land is far below its intrinsic capital value. This conclusion is supported and emphasised by a comparison of the present market price of Canadian agricultural land with that of land of similar quality in the States of the Union lying immediately south of the international boundary.

Better Value for Less Money

It is no exaggeration to say that agricultural land, such as is priced to-day in Alberta and Saskatchewan at \$25 per acre, can hardly be bought in the settled districts across the border under \$100 per acre. An American farmer, who sells his farm and migrates to Canada, with a view to purchasing a farm there, can, in fact, quadruple his acreage by the transaction. Moreover, he often

obtains better quality land into the bargain; for statistics show that the wheat growing lands of the Canadian North-West are more fertile than the wheat growing lands south of the international boundary, the average per-acre yield of wheat in the Canadian West being 20 bushels, as against an average of less than 15 bushels for the States of Minnesota, Wisconsin, Iowa, Nebraska, and Dakota. The large and annually increasing migration of well-to-do farmers from the United States into Canada has indeed become an outstanding feature in the settlement and agricultural development of the Dominion of recent years.

What the New-comers Have Brought

The extent to which this immigration has been going on may be seen from the subjoined table, which was recently published by a prominent and reliable American journal:—

Calendar Year.	No. of emigrants.	Wealth per cap. (cash, stock, and effect).	Total Value cash, stock, and effects.
1906	63,782	809	51,599,638
1907	56,687	885	50,167,995
1908	57,124	1,152	65,806,848
1909	90,996	811	73,797,758
1910	124,602	1,061	132,202,722
1911	131,114	1,539	201,784,446
*1912 (estimated partly)	140,000	1,300	182,000,000
	664,305	\$1,150	\$757,357,405 (£150,000,000 approx.)

* Revised according to the latest available information.

From this table it appears that, during the seven years from 1906-1912, close on two-thirds of a million people have migrated into Canada from the United States, bringing with them over £150,000,000 sterling in cash, stock, and effects. It may be added the Minister of the Interior at Ottawa recently reported that the influx of settlers and wealth from the United States is in advance of former years, and that an increased number of the new-comers are purchasing their farms outright.

The above figures furnish incontestable evidence that Canadian agricultural land offers real attractions to the American farmer. He is for the most part a shrewd and practical man, who knows good land when he sees it, and who understands what he can make it produce ; his standard of land values is the market price of land in his own State ; when he sees that he can buy in Canada equally good or better land for a quarter of its real value, as judged by his standard, what wonder that he eagerly grasps the opportunity ? He buys his new farm in Canada with the certain knowledge that he can make a good living off it, and in the confident expectation that it will gradually and steadily increase in market value, just as agricultural land in his own State has risen in value from the low level of \$10 per acre or less to its present value of something like \$100 per acre. He understands, in fact,

the intrinsic value of land, and he recognises that this Canadian land is at present priced far below its real worth.

How Land Has Increased in Value in the States

In connection with the subject of rises in land values in the United States, it is both interesting and instructive to refer to the official census (agriculture) return, published by the United States Government. This shows the average values of farm lands for all the States and Territories of the Union, decade by decade, from 1850 up to the present time. The outstanding feature of the statistics and tables is the steady and continuous appreciation in values throughout the period under review.

The figures for the States of Illinois, Wisconsin, Minnesota, Iowa, and Missouri, are given below. In selecting this particular group of five contiguous States, the writer has had in mind their density of population and state of development at the commencement of the period under review, their general agricultural capabilities, and their conditions of soil and climate, all of which, in the aggregate, seem to approximate fairly closely to the conditions existing to-day in the districts of the Canadian

North-West, which have recently come and are now coming under settlement.

Average value of farm lands (including buildings and improvements per acre).

Year.	Illinois.	Wisconsin.	Minnesota.	Iowa.	Missouri.
	\$	\$	\$	\$	\$
1850	7.99	9.58	5.61	6.09	6.50
1860	19.56	16.61	10.14	11.91	11.54
1870	28.45	20.51	12.07	20.21	14.48
1880	31.87	23.30	14.45	22.92	13.47
1890	41.41	28.44	18.22	28.13	20.33
1900	53.84	34.54	25.51	43.31	24.82

1910 The detailed figures for the decennial period 1900-1910 are not available; but the statement issued by the Census Bureau on September 11th, 1911, contained the information that the average value per acre of farm land (with buildings) throughout the United States DOUBLED during that period.

The rise in values has been steady and continuous throughout, and (as will be seen from the next table) has taken place side by side with a similarly steady and continuous increase in the population.

Population at each Census.

Year.	Illinois.	Wisconsin.	Minnesota.	Iowa.	Missouri.
1850	851,470	305,351	6,077	192,214	682,044
1860	1,711,951	775,881	172,023	674,913	1,182,012
1870	2,539,891	1,054,670	439,706	1,194,020	1,721,295
1880	3,077,871	1,315,497	780,773	1,624,615	2,168,380
1890	3,826,351	1,686,880	1,301,826	1,911,896	2,679,184
1900	4,821,550	2,069,042	1,751,394	2,231,853	3,106,665
1910	5,638,591	2,333,860	2,075,708	2,224,771	3,293,335

The increase in the population has, in fact, created an increased demand for land and its products, which increased demand has naturally been accompanied by a steady and continuous rise in land values.

Striking Record of Actual Land Sales

In Canada, too, the population is steadily increasing, and the trend of market prices of land is steadily upwards. How gradual, how steady and continuous this rise has been is shown with striking clearness by the following tabular statement, which gives the actual sales of agricultural land by a well known Canadian land company month by month for the past six years.

1906.	Acres.	At per acre.		1910.	Acres.	At per acre.				
		\$				\$				
July ..	1,350	..	9.43	January ..	160	..	12.80			
August ..	407	..	9.37	February ..	320	..	12.50			
September ..	2,230	..	9.46	April ..	1,120	..	11.40			
October ..	6,700	..	9.09	May ..	480	..	12.50			
November ..	1,222	..	9.50	June ..	320	..	12.75			
1907										
January ..	696	..	11.86	July ..	480	..	12.75			
February ..	942	..	11.00	August ..	320	..	13.50			
March ..	623	..	11.00	September ..	160	..	14.00			
May ..	941	..	10.66	December ..	2,675	..	14.25			
July ..	783	..	11.10	1911.						
1908										
May ..	11,468	..	11.65	March ..	960	..	14.00			
June ..	10,122	..	11.18	April ..	6,400	..	12.75			
July ..	5,020	..	11.20	May ..	12,860	..	12.80			
August ..	2,500	..	11.25	June ..	8,000	..	12.90			
September ..	1,300	..	11.30	July ..	1,280	..	13.80			
October ..	660	..	11.50	September ..	320	..	14.00			
November ..	160	..	11.80	October ..	320	..	14.00			
December ..	160	..	12.50	November ..	640	..	14.75			
1909.										
January ..	170	..	12.50	December ..	5,000	..	14.50			
February ..	970	..	11.50	1912.						
March ..	650	..	11.50	January ..	640	..	14.65			
April ..	650	..	11.60	February ..	480	..	14.70			
May ..	980	..	11.60	March ..	960	..	15.00			
June ..	650	..	11.66	April ..	640	..	15.00			
July ..	820	..	11.70	May ..	320	..	15.00			
August ..	650	..	12.00	June ..	640	..	15.25			
September ..	180	..	12.50	July ..	320	..	15.25			
October ..	171	..	13.00	August ..	320	..	15.50			
				September ..	320	..	15.50			
				October ..	320	..	16.00			
				November ..	320	..	16.00			

This is a remarkable table. It is not a mere estimate of increases in market value, but an authentic record of actual sales made. The bulk of land sold annually is, it is true, not large ; some land companies can, no doubt, show a considerably larger aggregate acreage sold. But the table is of particular interest for two reasons—in the first place because it includes no other sales but those of agricultural land pure and simple, in its raw or undeveloped form ; and in the second place, because it shows the actual sales month by month throughout the whole period, thus giving a clear and detailed perspective of the trend of market prices during the period mentioned. It should be studied in conjunction with the table given previously, which showed the gradual rises in the value of farm lands in a group of States across the border.

Higher Values Certain

Everything seems to point to land prices in the Canadian North-West following the same course as has been seen in the United States. The great bulk of the agricultural land in the Canadian North-West is practically of the same, if not of better quality than the land lying to the South of the international boundary ; and the climate is as good. The present difference in market price is due solely

to the fact that population to the north of the boundary line is less dense than it is to the South. As the settlement of the Dominion progresses, and as its population increases, the demand for land and its products will also increase, and the price of land must inevitably rise.

More Acreage Under Cultivation

The only hypothesis on which it can be believed that the price of land in the Canadian North-West will remain at its present low level is the assumption that the population of the Dominion will remain stationary. There is no sign of this, at present at any rate. The stream of immigration, both from Europe and the from United States, is increasing with each succeeding year. Since the beginning of the century over two million immigrants have entered the Dominion; the total for 1900-01 was 49,149; for 1910-11 it was 311,084; for 1911-12 354,237, was the total, while for the first eight months of 1912-13 the number was 321,000, which points to a total for the year of about 400,000*. As a result of this influx, land is being rapidly absorbed, and brought under cultivation.

How rapidly land is being brought under cultivation may be seen from the fact that, whereas in 1900 the area under wheat, oats, and barley in the

* 402,432 was the actual total.

North-West was under 3,500,000 acres, in 1912 it had increased to over 15,000,000 acres. For 1913 an increase is again looked for. What this increase may be cannot be foretold with any accuracy. But it seems to be certain that there will be a very large increase, if not in 1913, at least in 1914. For the acreage taken up for settlement this year by *bona fide* farmers has been very large. Along the line of one railway only, the Canadian Northern Railway, close on 2,500,000 acres of free lands offered by the Dominion Government were entered on by settlers during the year July, 1911, to June, 1912; of this acreage probably only a small proportion was under cultivation and crops in 1912, but before the end of 1914 the greater part is likely to have been brought under cultivation. Moreover, railway companies, though they did not press their sales, are reported by the Minister of the Interior to have sold more land to actual settlers last year than ever before, over 1,300,000 acres having been thus disposed of.

Rise in Land Values a Normal Growth

In view of the steady increase in the population, and of the rapidity with which land is being absorbed and brought under cultivation, it certainly seems probable that prices of land in the Canadian

North-West will continue to show in the future the same steady and gradual appreciation as they have done in the past. Let it be clearly understood that the rise in the value of agricultural land which has taken place in recent years is due to natural causes, and is in no way due to speculation or undue inflation. A further rise would be both intelligible and justifiable, in view of the fact that prices are still absurdly low as compared with intrinsic values.

IV.—A TOUR OF INVESTIGATION.

IT is highly desirable that a would-be purchaser of agricultural land in the Canadian West should make his own selection of a property likely to meet his individual requirements. In the view of the writer a personal visit to Canada should be regarded as an indispensable preliminary to investing a large sum of money in Canadian land. He therefore proposes to devote this article to discussing a tour in the Canadian West, giving an estimate of the time and expense involved, and stating his views as to how the best results may be obtained from the visit. Some three years ago he himself made an extensive tour of the Canadian West, such as he now advocates. His object was to make himself *au fait* with recent agricultural, industrial, and railway development throughout the West, with which, owing to an absence of some years, he was out of touch. He had good reason to be satisfied with the results of his tour, and he does not hesitate to recommend the same course to others. The following outline of a similar tour must be considered by the reader as a suggested programme only, to be modified, curtailed, or extended according to

the inclination of the individual traveller, and to the time and means available.

Importance of Introductions

Before discussing the suggested route, one or two points may be mentioned, attention to which will considerably add to the pleasure and advantage to be derived from the tour itself. The first of these points is that the traveller should, before leaving England, obtain introductions to leading men at important points in the Dominion—bankers, manufacturers, merchants, farmers, and politicians. Such introductions will prove of the greatest value to him by putting him in touch with men whose knowledge and experience will, he may be assured, be readily placed at his disposal.

A Supply of Literature

Another important preliminary arrangement is to obtain a supply of literature dealing with Canada for perusal on the journey. In making the selection quality rather than quantity should, of course, be the aim, and nothing should be taken which is not both authoritative and up-to-date. In the opinion of the writer the best sources of information about the Dominion, for one whose object is to make

a careful study of her wealth and resources, are the official handbooks of the various Provinces published by the authority of the Provincial Governments ; they are intended to advertise the attractions of the particular Provinces and districts with which they deal, but they differ from many other advertising pamphlets in that they are free from any tendency to exaggeration ; they are plain statements of actual facts and figures, arranged in a readable form, and made attractive by many photographic illustrations. They can be obtained in London, free of cost, from the office of the High Commissioner for Canada, from the Assistant Superintendent of Emigration, 11-12, Charing Cross, or from the Agents-General of the respective Provinces. "Canada To-day" * is a publication which will be found invaluable ; it contains authoritative, reliable, and up-to-date information of every phase of life in the Dominion, and is rendered attractive by numerous illustrations typical of Canadian life and scenery ; it also contains a list of Canadian joint stock companies, with statistics of their past progress and present position. The above-mentioned publications, supplemented by the excellent stock of works dealing with Canada, which are to be found on most of the Atlantic liners and in the library and observation cars of the

* Published by the "Canada Newspaper Co., " Kingsway House, Kingsway, London, W.C.

railway companies, will afford all the information required by the most ardent student of the foundations of Canada's prosperity, and of the present state of her development.

Some Useful Hints

Throughout his tour our traveller should keep before him the object of his visit. At each city or town at which he stays on his journey across the Continent he should endeavour to see as much as possible of the industrial and commercial side of its development ; he should also make excursions into the surrounding agricultural district with a view to seeing with his own eyes the actual condition of the agricultural community, gauging the prosperity of the farmers, and obtaining some first-hand knowledge of the productivity and income value of the farm lands. At the same time he should obtain, from the published Government statistics and other official sources of information, particulars of the average crop yield of the district and of the average market price of produce. Within the cities he should get into touch with the leading land companies and estate agents with a view to obtaining information as to land values, the demand for farms by "renters," etc., If he is fortunate enough to have introductions to members of the

Provincial Legislative Assemblies, or to the local members of the Dominion Senate, or House of Commons, he will find it both interesting and instructive to hear their views on the Dominion generally, and particularly on such subjects as the Government policy for encouraging immigration, the extension of railways, the conservation of natural resources, trade relations with the Mother Country, and with the United States of America, all of which have a direct or indirect bearing on land values.

Route of the Tour

Let us now turn to the suggested route of the tour. The West is the objective of our traveller, and he has no reason to linger in the East. But he ought to see its principal cities—Quebec, Montreal, Ottawa, and Toronto. They will leave on his mind an impression of solidarity and attained wealth, of established and prosperous industries, and of the achievements of municipal enterprise, which will assist him to gauge the future prospects of their younger sisters, the newly created cities of the West, and will be a factor in his final mental summing up of the wealth and prosperity of the Dominion as a whole and of the security which it offers to invested capital.

From Quebec to Winnipeg

At Quebec he will not need to stay more than one day, but two or three days each may be given up to Montreal, Ottawa, and Toronto, which should be visited in the order named. From Toronto let him go by rail or by lake steamer to Sault Ste. Marie, an important and growing industrial centre, where he may spend a day or two looking over the large works of the Lake Superior Corporation and its subsidiary companies. From Sault Ste. Marie he should travel by lake steamer to Port Arthur and Fort William. These rapidly increasing "twin cities" are rising industrial centres, at present important chiefly as being the shipping point for Western grain consigned to the East by the Lake route. Their huge grain elevators are well worth seeing. To see the two cities thoroughly two or three days are needed. The next stopping point for our traveller is Winnipeg, where at least four or five days are required in order to see both the city itself and the surrounding agricultural district. Our traveller is now about to enter the area of cheap agricultural land, and from here onwards, at each point at which he halts, it is the agricultural districts round the cities which must claim his chief attention rather than the cities themselves.

From Winnipeg his best route will be *via* Saskatoon to Edmonton, stopping at Saskatoon for two or three days, and for one day each at two or three points between Saskatoon and Edmonton. Round Edmonton he will find plenty to occupy him for the inside of a week, and he will require up to ten days if he decides to visit the newly opened agricultural districts to the West along the recently constructed routes of the Grand Trunk Pacific Railway and the Canadian Northern Railway. From Edmonton let him turn south to Calgary, stopping for a few days en route at Wetaskiwin, Red Deer, and Lacombe. While at Calgary, where he may usefully stay three or four days, he should make a point of visiting the Canadian Pacific Railway Company's irrigation tract, which lies east of the city, giving special attention to their ready-made farms ; the company will offer every facility for doing this.

In British Columbia

From Calgary our traveller should proceed westwards to the Pacific Coast, breaking his journey en route at Golden in order to spend a week in the beautiful and fertile Colombia Valley, and at Sicamous Junction, in order to pay a similar visit to the Okanagan Valley. In both these valleys he will have an opportunity of seeing for himself the

industry of fruit culture, and of inspecting the orchard lands offered for sale, both in an uncleared state and cleared, both planted with fruit trees and un-planted. At the coast he may spend a week or ten days, looking over New Westminster, Vancouver, and Victoria, and the beautiful and productive agricultural districts which lie around them.

Returning from the Pacific Coast eastwards, let him branch off southwards at Revelstoke, and travel by the Lake route to Kootenay Landing and thence *via* Cranbrook and the Crow's Nest Pass to Macleod and Lethbridge. At Lethbridge a stay of some days should be made ; the city is the centre of a fine irrigated agricultural district, where mixed farming is practiced successfully, the production of alfalfa playing an important part. It is also an important coal mining centre. From Lethbridge the route should be *via* Medicine Hat, Moose Jaw, and Regina, at each of which places a stay of two or three days should be made. From Regina our traveller should return to Winnipeg, having then completed his pilgrimage of the Canadian West.

Time and Expenses

This tour, if carried out as indicated by the writer, will occupy about three months—seven days on the sea between Liverpool and Quebec, ninety days

travelling on the Continent, and seven days again on the water returning to Liverpool. The total cost should be about £200, as will be seen from the following tabular statement of the items of expenditure :—

First-class passage Liverpool to Quebec ..	£18 10 0	
Extras	1 10 0	<u>£20</u>
First-class railway fare Quebec to the Pacific Coast and return, by the route sketched	£30 0 0	
Extra for Pullman sleeping car	8 0 0	<u>38</u>
Food in dining cars on railway at an average of \$1 a meal, 3 meals per diem for 15 days	\$45	9
Hotel expenses in the cities and country districts—		
25 days at \$5 — \$125		
25 days at \$4 — \$100		
25 days at \$2.50 — \$62.50		
<u>75 days — \$287.50</u>		<u>58</u>
(an average of \$3.75 per diem.).		
Hire of riding horses and driving buggies for getting about the agricultural districts	\$100	20
Miscellaneous expenditure and contingencies		35
First-class sea passage Quebec to Liverpool ..	£18 10 0	
Extras	1 10 0	<u>20</u>
Total		<u>£200</u>

The total cost of the tour should be under rather than over £200. If this sum be considered, as it ought to be considered, as part of the initial capital cost of the investment it will represent a small addition to the per acre cost of the land—an addition of about 9½d. per acre in the case of a purchase of 5000 acres, which cannot be considered a large price to pay for the undoubted advantage of a personal selection.

V.—THE REQUIREMENTS OF THE INVESTOR.

IN the suggested programme of a tour of investigation sketched out in the proceeding article, the writer purposely did not recommend any one particular province or district as being more likely than another to meet the requirements of the investor looking for an agricultural property. He confined himself to indicating a route which would enable the traveller to see what he ought to see before he comes to a final decision as to where to make his purchase. As has been already explained, the tour outlined must be considered as a suggested programme only, to be modified, curtailed, or extended, according to the inclination of the individual traveller and the time and means available. The actual route to be followed is relatively a minor consideration compared with the great importance of the principle, on which the writer again lays emphasis, that prior to purchasing a property the investor ought to make a thorough examination of a number of different districts, and to investigate carefully the advantages and attractions offered by each, giving due consideration not only to the price of land and to the

branch of agriculture most generally practised in each, but also to climatic and social conditions, to transportation facilities and means of communication, as well as to the prospects of further agricultural and industrial development. On no account should the final selection of a property be made until the whole of the projected tour has been completed. If, in the meantime, the traveller sees a property which seems likely to meet his requirements, he will find no difficulty in obtaining, for a small monetary consideration, an option to purchase it extending over a month or two, which will give him time to complete the tour of investigation before coming to a final decision.

The "Investment Object"

Throughout his tour the investor must keep steadily in view his "investment object"; in other words, he must bear in mind what result he desires to obtain from his investment. This is of the utmost importance. Naturally the requirements of individual investors vary considerably, and each one, when making an investment, ought to be guided by a variety of personal considerations, such, for instance, as the extent and character of his existing investments, if any; his dependence, or otherwise, on such investments as his sole or main source of

income ; and the sum immediately available, or shortly expected to be available, for investment. An investment which is permissible, and even wise, for a man of considerable means, or for one who has a professional income in excess of his requirements, making him independent of his invested savings, would be rash or foolhardy for one whose investments are the main or sole source of a perhaps narrow income, and to whom security of income and regularity of dividends are considerations of moment. It is, then, for the investor himself to think out these matters and to form in his own mind a clear conception of the result which he desires to obtain from his investment.

Speaking generally, investors may be divided, as far as concerns their "investment objects," into two classes,—first those whose primary requirement is a safe income, and who are bound to look on an increase in capital value as of secondary importance ; and secondly, those who make it their primary aim to obtain an increase in the capital value of their investment, disregarding an immediate income return and looking to the future to reward them for what they forego in the present.

It may be laid down as an axiom of general application that the investor in Canadian agricultural land who demands a safe and steady income return from his investment from the outset, must confine

himself to developed property in well settled districts in the vicinity of established towns, where farms are readily lettable at good rentals, which have a tendency to rise in proportion as the town population increases and as the local demand for farm produce grows. The closer the property be to the town limits the more sure will be the income from rentals. But it must be noted that, in the case of land lying close up to town limits, the per-acre price asked is usually based not on the actual value of the land for agricultural purposes, but rather on its probable future value for building purposes in the event of a further growth of the town, notwithstanding the fact that there may be no immediate prospect of its being required for building purposes. The revenue from such land, if used for agricultural purposes, would probably be very small as compared with its price ; so small, indeed, as to put it beyond the reach of the investor who has to consider the adequacy of his income as well as its security. At a distance of a mile or two from town limits, prices will be found to be based on agricultural values pure and simple, while farther out still, where settlement is less thick than it is close to town, prices diminish appreciably. Where settlement is sparse, farms are, of course, liable to remain unoccupied from time to time for varying periods. This is a contingency which must

not be overlooked by the investor whose primary object is a steady income return. At the same time, the lower per-acre price of land which, while lying within the settled area, is nevertheless removed by some distance from the actual centre of the settlement, may easily compensate the purchaser for some shortage of revenue during periods when tenants cannot be obtained ; and investors who are in a position to face without discomfort a temporary loss of income will do well to weigh this question carefully before rejecting the idea of purchasing more distant and therefore cheaper property.

The above general considerations will serve as a guide to the investor whose primary object is to obtain a secure annual income return from his capital outlay. Though the question of an increase in the capital value of his investment does not enter into his calculations or influence his selection, nevertheless, if he purchases with judgment, he may not unreasonably expect to participate in that gradual but steady appreciation in the value of all developed farm lands which each succeeding year witnesses in the settled agricultural districts of the Canadian North-West.

Newly Opened Districts

To the investor who can afford to disregard present income and to make his primary object

an increase in the capital value of his investment, developed farm lands in a well-settled district will scarcely afford sufficient scope. He must go farther afield, and turn his thoughts to partially developed or raw land in a newly-opened district. The selection of such a property calls for the exercise of considerable judgment and foresight. The element of speculation undoubtedly enters into the project, but if the history of the development of the older and settled districts be studied, and if present local conditions in the newly-opened areas are carefully inquired into, there is every probability that a purchase may turn out well. It must be remembered that throughout the North-West immigration is taking place on an enormous and ever-increasing scale ; and practically every immigrant aims at acquiring real estate of some description, either town property or agricultural property. Land is being rapidly absorbed, and the whole efforts of the Dominion Government, as well as of the Provincial Governments, are directed towards encouraging settlement and promoting agricultural development. There are, of course, vast areas of land of good quality still available, but for practical purposes their availability is limited by their present inaccessibility ; and their accessibility is a question of railways. The future course of railway construction is, in fact, the key to the problem of investment.

in raw land. Railway communication has always in the past been the chief factor in the settlement and development of new areas. The same will be the case in the future also. What is to-day merely an expanse of uncultivated prairie or an unbroken tract of dense forest or bush may easily, by the advent of a railway, be turned in twelve months into a well cultivated area actually producing crops, and in three or four years may become the home of a prosperous and populous agricultural community. A fairly accurate idea of the course of railway construction in the near future may be obtained by perusing the most recent reports of the three great transcontinental railways—the Canadian Pacific Railway, the Canadian Northern Railway, and the Grand Trunk Pacific Railway. These reports are easily obtainable on application to one of the large banks. Moreover, the officials of the companies will, as a general rule, be found both accessible to inquirers and ready to give all permissible information to *bona fide* purchasers of land. For it is to the interests of the railway companies that the areas tributary to their new branches and extensions should be rapidly developed, so as to produce the traffic on which they subsist. Mere speculators, who acquire land merely to hold it back from development, are discouraged; but the *bona fide* investor, who purchases to develop,

may confidently turn to the officials of the railway companies and may be assured that no information will be withheld from him which can legitimately be given.

There are other factors also, besides the railways, which influence the course and rapidity of settlement and development, as for instance, the presence of natural resources, such as coal, water power and natural gas. As compared with railway development they are of secondary consideration, but where transportation facilities are assured, they tend to raise the prospects of prosperity of a district by offering inducements to industrial enterprise and attractions to the investment of capital.

The investor who decides to place his capital in raw land, will certainly not lack indications to guide him as to favourable openings. If he purchases with judgment, the possibilities of future profit are very great; and while it would be idle to deny that there is an element of speculation in such a project, nevertheless, so bright are the prospects of the Dominion as a whole, and so rapid is the settlement and agricultural development of the North-West, that there is but small risk of actual loss on agricultural land of good quality if within reasonable distance of railway facilities. Let the purchaser pay up for his land in full at once, or let him be sure beyond a doubt that he can meet the annual instal-

ments of the purchase price as they fall due ; and let him keep in hand a sufficient sum to carry out the development of the entire property.

Personal Considerations

In addition to the all important questions of stability of income on the one hand, or, on the other, of capital appreciation, there are, as already indicated other considerations also which will influence the investor in his selection of a district in which to make his purchase—such, for instance, as climate, social amenities, education facilities, and a personal preference for, or knowledge of, a particular branch of agriculture. To a great extent the importance of these considerations naturally depends on what the purchaser proposes to do with his property—whether he proposes to reside on it and to cultivate it himself ; whether he proposes to resell it ; or whether he proposes to lease it to tenants. To an Englishman the question of climate is of real importance. The writer himself finds the dry and bracing winter of the Canadian North-West delightfully invigorating, but he is well aware that many Englishmen, and particularly those who have lived in the tropics, find it too rigorous, and prefer the warmer climate of the Pacific Coast, and of the Southern valleys of British Columbia. The presence of social

amenities and educational facilities is important to a man with a family who intends to reside on his property; and a man who has a preference for stock raising, for dairy farming, or for fruit growing, will naturally select a district where there is scope for him to practise the industry he fancies.

It is for the investor himself to weigh the considerations which have been discussed above. When he has formed a clear conception of the conditions of life and surroundings which meet his individual requirements, and of the results which he desires to obtain from his purchase, he has taken the first step necessary towards making a satisfactory investment.

VI.—LOCAL ADVICE AND INFORMATION— HOW TO OBTAIN IT, AND HOW TO MAKE USE OF IT.

IN selecting a property the investor should not rely solely on his own unaided judgment ; he will do well to consult others. But he must discriminate as to whom he consults, and should weigh all advice carefully before adopting or rejecting it. He must also try to get into the habit of appraising the value of any advice or information which he may receive, according to its source and the likelihood of its being disinterested or otherwise. Throughout Canada there is no dearth of reliable expert advisers, and it is not difficult to get into touch with the right men, though it is also possible to fall into bad hands. For this reason it is most essential that the would-be investor should have introductions to individuals and firms of standing and repute.

The Importance of Introductions

In a previous article the writer mentioned the desirability of obtaining introductions to leading men at important points in the Dominion. Such introductions will prove of the greatest value for

the purpose of getting into touch with local conditions generally; the opportunities which they afford for becoming personally acquainted with and for hearing at first hand the views of men of knowledge and experience in business and in public affairs are in themselves almost an education in the economic and social problems of Canada's development. No visitor who proposes to make a serious study of the Dominion should neglect to provide himself with such introductions. The writer has derived great advantage from them, and he has good reason to remember much courtesy and kindness, as well as unfailing readiness to impart information on the part of those to whom he has been fortunate in having letters of introduction on his various visits to Canada.

Another, though of course less valuable means of getting information about the country, its opportunities and resources, is the interchange of views with fellow travellers and hotel acquaintances. Even the small talk of society sometimes affords indirect guides, warnings, or hints to intending investors, which are by no means to be despised.

Canadian Bank Managers

One of the best introductions for business purposes which a visitor from England can have is

an introduction from the London branch of one of the great Canadian banks to the head office of the bank in Canada. All the great Canadian banks have branches scattered over the Dominion from East to West, by means of which they are able to furnish a traveller with a continuous chain of introductions, no matter what route he may take or where he may break his journey. The managers of these local branches are men of standing in the banking world, selected for their integrity and their business ability. Most of them have "grown up with the country," have witnessed its gradual development, and have taken a leading part in building up its prosperity. Their experiences are in many respects unique, and no class of professional or business men is more competent to give information on the subject which above all others concerns the investor in agricultural land—namely, the wealth produced by the crops and the degree of prosperity enjoyed by the agricultural community generally and the farmers in particular. They may be relied on to give impartial and disinterested information. The writer has in his mind more than one bank manager of his acquaintance in the West who has not only been of invaluable assistance to him in matters of business, but who has also shown him much personal kindness and hospitality when comparatively a stranger.

Real Estate Agents

It should be borne in mind that it is quite outside the sphere of a bank manager's business to give advice as to the actual selection of a property for investment. This is rather the business of a land agent. The banker, however, may be of very great assistance by advising as to the character and reliability of real estate agents doing business in the district. The real estate agents of Western Canada are a class which is sometimes unjustifiably disparaged or maligned. Some investors turn to a real estate agent for advice and assistance in the selection and purchase of a property, expecting him to find just what they need, without, however, stating clearly whether they need a sure and regular income from their investment or whether they can afford to wait for a return on their outlay to come in the form of appreciation in capital value. Where an unsatisfactory investment in Canadian agricultural land is made, the reason usually is not that the property is intrinsically worthless, but that it has not come up to the expectations or requirements of the individual investor in the matter of immediate revenue return. For such disappointments the real estate agent is often blamed whereas it is the investor himself who is most at fault.

The real estate agents of Western Canada, like any other class of business men all the world over, vary in reliability. There are, perhaps, "sharks" to be met with—not, however, in the business so much as hanging on to it. But for one such there are scores of firms of good repute and high standing, who treat their clients honourably and are quite above misrepresentation. They have, of course, their limitations and their faults. Their outlook is usually limited, and perhaps naturally so, to the city or district where they carry on business, and in which they are interested. It is, therefore, of little use for the investor to consult real estate agents as to the respective merits of their own or another district from the point of view of investment. If their unbounded optimism is a fault, it is one which is prevalent among all classes of the community in Western Canada, and it is a fault on the right side, for up to the present optimism in Canada has usually been well justified. If they are given to "boosting," at least their "boosting" is for the most part an entirely conscientious expression of their honest views. With an enormous volume of business in buying and selling real property constantly in course of transaction, the real estate agent not merely fills a want, but is a necessity of the situation. He acts as a medium between buyer and seller, thus eliminating from their transaction

the element of personal bargain, which is so often a distasteful feature of a sale by private treaty.

Judgment and Common Sense

But the investor, while availing himself of such services and of the knowledge and experience which accompany them, must nevertheless use his own judgment and common sense. He should not neglect to make his own estimate of the real or intrinsic value of any property which may be offered to him, and he should compare the price asked not only with his own estimate, but also with the market price of similar land, as ascertained by independent inquiry and by comparison with recent sales.

VII.—PURCHASE PRICE, AND GENERAL SCHEME OF DEVELOPMENT.

IN a former article* the writer discussed the tendency which has been apparent for some time past and which seems to be gaining ground, on the part of English landed proprietors, to sell their English properties and to purchase in exchange agricultural land in Canada. A specific case was taken as an exemplar, and figures were given showing how such an exchange works out, from a financial view point, to the advantage of the individual making it, who can thereby obtain not only a thoroughly well-secured income, at least equal to and probably larger than the income from his English estate, but also in addition, an undeveloped Canadian agricultural estate of equal size, with a sufficient reserve of capital to develop it, which estate, when fully developed, ought to yield a considerable annual income, and should steadily appreciate in capital value.

It is now proposed to discuss in detail the development of a Canadian agricultural estate by an Englishman, step by step, from the initial stage of fencing, and breaking the raw land, right down to the final

* *Vide* Page 1, Article I.

stage when the whole tract has been fully developed and is bringing in a regular income. As before, a specific case will be taken as an example, and figures of expenditure and revenue will be given in order to make the matter as clear as possible to the reader. The figures assumed in Article I., will, for the sake of convenience, be taken as the basis of the present example also.

Conditions and Surroundings

It will obviate misunderstanding to state at the outset, that while the plan of development here advocated is, in-so-far as its main principles are concerned, generally applicable to all cases where the gradual development of a large area is undertaken, yet the detailed figures must be regarded as applicable only to the special case under notice and to similar cases. Different conditions and surroundings naturally call for different treatment, in-so-far as details are concerned. Throughout the vast West the natural features of the country, as well as conditions of climate and soil, differ much in different localities, and necessitate considerable variations in plans for agricultural development. For example, in Saskatchewan and in Alberta, land is easily and cheaply cleared, in many cases no clearing at all being needed; a great part of it is dead level or rolling prairie, and a plough can be

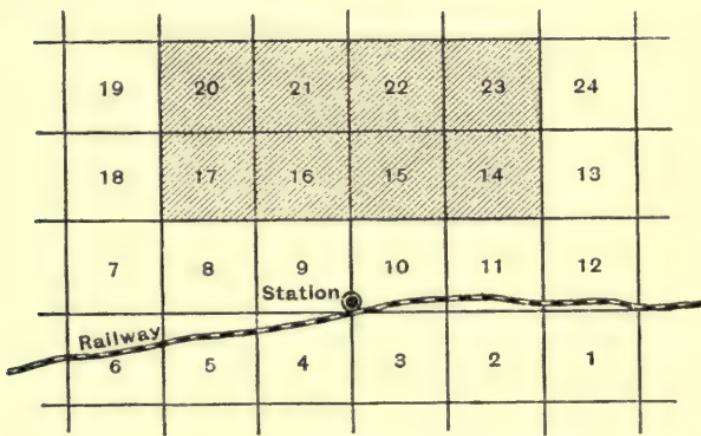
run through it for mile upon mile without lifting share from furrow. On the other hand, in British Columbia much of the land is heavily timbered, and expensive to clear and break. Again, in Saskatchewan and Alberta, wheat and oats, the chief crops, cost little to raise compared with the cost of producing fruit in the orchard valleys of British Columbia. Irrigation, too, which is extensively used in raising crops in Southern Alberta, and in British Columbia, while it adds to the cost of initial development and of annual operation, makes crops more certain, and increases yields. Enough has been said to make it clear that it would be scarcely possible to formulate any one plan of development of an agricultural tract, which would be equally applicable in all its details to any part of the West. General principles, however, will not be found to be subject to much variation in practice, and those enunciated here may be safely taken as a guide.

Let us turn now to our example. Five thousand acres was the size of the estate instanced in Article I., and it would be convenient to adhere as closely as possible to this area. Eight sections of 640 acres each would amount to 5120 acres. Let us assume then, a tract of eight sections. Let us further assume that it is situated in Central Alberta, in a district well adapted for wheat raising and mixed farming, the land being generally level

or gently undulating, with a little bush and light trees scattered in clumps, and with a plentiful supply of water either on or near the surface. Since railway facilities of some sort must necessarily be assumed, let us take it that a line of railway runs near one side of the tract, with a shipping point one mile from the boundary, making the nearest point on the estate one mile and the farthest points five or six miles from the shipping point. Finally, let it be assumed that any agricultural produce which cannot be disposed of at the shipping point can find a ready market at some point about 100 miles distant by rail. The above are normal features in many of the newly opened-up districts on the prairies, and they may be taken as representing fairly the conditions under which our estate would come into being. For the sake of convenience and clearness, a sketch map is attached, showing the above mentioned point.

Land such as that described above can be purchased in Central Alberta at the present time for about \$20 per acre, more or less. For a selected small acreage the price might be slightly over \$20, but for a large tract like eight sections the price ought to be appreciably less. A purchaser who would guarantee to carry out certain improvements to the land and to erect buildings within a stipulated time, would probably obtain the land on more favourable terms than without such guarantee. If

the whole purchase price were paid in cash, it would very likely be possible to obtain a further slight reduction in price. A purchaser with cash in hand to pay for the land outright, and with cash available to carry out improvements and to erect buildings without delay, is in an advantageous position, and would certainly get the best terms possible.



The eight sections comprising the estate are Nos. 14, 15, 16, 17, 20, 21, 22 and 23, which are shaded.

Everything considered, \$17.50 (£3 10s.) would probably be about the price payable in Central Alberta at the present time for the tract under notice, for cash, and with a guarantee on the purchaser's part to proceed to develop without delay. At £3 10s. per acre, the 5120 acres would cost £17,920. The total sum available for the purchase and development of the estate, on the basis of the assumed figures given in Article I. is £47,000. A sum of £29,080 would therefore be left available for

expenditure on development. This sum will be seen to be more than sufficient for the purpose.

Before proceeding to the work of development, the owner of the newly purchased estate must formulate in his own mind a definite plan of action. He must decide whether he will develop it on what we will call the American plan—that is to say, with a view to re-selling it at a profit with as little delay as possible—*or* whether he will adopt the more English idea of developing it as a permanent investment and retaining it for the purpose of drawing a revenue from it. We will assume that he decides on the latter course. He will then have to decide whether he desires to retain the whole area in his own hands for farming operations on a large scale, *or* whether he desires to establish an estate on the English model, forming a number of farms of moderate size and of cottage holdings, with the ultimate object of letting them to tenants.

Practicable and Desirable

The writer is well aware that this latter plan—the establishment of an estate on the English model—is not accepted throughout Western Canada as desirable; by many it is even considered to be impracticable. He has, however, come to the conclusion not only that it is quite practicable in the course of a few years to establish such an estate, but that it is also desirable, from the view point

of the advancement and progress of agriculture and of the permanent prosperity of the agricultural community, that there should be in existence numbers of large and carefully administered private estates, not to the exclusion of occupier ownership, as has been the case in England, but side by side with it, probably paving the way with it, and, perhaps, ultimately giving way to it. Indeed, the writer would without hesitation recommend that the owner of the newly purchased estate should, while adopting the plan of establishing his estate on the English tenancy principle, admit as a modification of the tenets of English landlordism, the practice of selling their holdings to such occupiers as may wish and be able to buy them, under arrangements which would aim at the disposal of outlying portions first, so that the estate would remain compact even though diminished in size from time to time.

Whatever may be the plan of development adopted, it is of importance that it should be formulated and decided on before the actual work is taken in hand, because the details of the erection of fences and buildings depend on it. Obviously, a tract developed as a single large farm would require buildings and fences of a different character and size, and differently located, to what would be required for the same tract if divided into a number of lesser farms and small holdings.

VIII.—DEVELOPMENT,—DETAILED PLANS AND ESTIMATES.

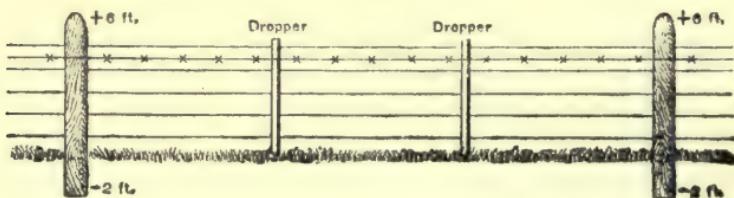
FOR the purpose of this article, and as a basis for calculations of expenditure, we will assume that the owner decides on the plan of development advocated by the writer in the preceding article. Having taken his decision, he may commence work without delay.

Types of Fences

Fencing is the first item to be dealt with. Each section should be completely fenced and cross-fenced at the outset. There are two types of fence in common use in Western Canada ; the ordinary four-strand barbed-wire fence, and the Page wire fence. The ordinary four-strand barbed-wire fence costs about \$90, or £18, per mile, material and erection included. Its sole recommendation is its cheapness. It is highly dangerous to stock, especially when it is damaged and broken. On many farms which the writer has known the damage caused to stock by this type of fence often amounted to several hundred dollars per annum, and he has

no hesitation in saying that, in his view, what is saved in initial outlay by the erection of this cheap fence is lost many times over by the damage which it causes to animals, especially horses ; it is not only the direct damage to animals which has to be taken into account, but the indirect loss occasioned by the inconvenience of having sick animals on hand, and by the fact that they may be unworkable when most needed for work in seed time or harvest. Let the reader not think that unnecessary attention and space is being given to this point ; it is really one of great importance in the development of an estate where many miles of fencing have to be erected. A properly erected fence lasts a lifetime, and it is the greatest mistake to put up a bad fence, simply because it is cheap. The erection of a common barbed-wire fence is justifiable only in cases where absolute want of money necessitates having recourse to the cheapest possible contrivance. The Page fence, or, as it is sometimes called, the "woven wire fence," is a strong fence, and causes no damage to stock. Its disadvantage is that, if it gets knocked about, it quickly bags and sags and cannot be satisfactorily straightened out again. It costs about twice as much as a common barbed-wire fence and requires very great care in erection, because it is in one piece from top to bottom. In the opinion of the writer, by far the best fence is

a five strand smooth wire fence 5 ft. high. The posts should be 8 ft., round, rounded at the top to shed rain, sunk 2 ft. in the ground, and spaced 16 ft. apart. After the wire has been stretched and fixed wooden "droppers" should be affixed to the wire, two between each two posts dividing the distance; these "droppers" should be 2 in. broad by $1\frac{1}{2}$ in. thick, and 5 ft. high; the lower ends should be just clear of the ground. This makes an admirable fence for all purposes. Where used as an outside or boundary fence—as, for instance, along a road—the wires should be run along the inside of the posts, and a sixth wire (barbed) may with advantage be run along the outside, about 4 ft. or 5 ft. from the ground. This fence will cost about \$160 or \$175 per mile to erect, including best quality material and labour. For a large amount the cost would work out somewhat less. The illustration given below depicts the type of fence described.



If every section is completely fenced and cross-fenced at the outset, as the writer recommends, and if a proper allowance is made for short lengths

of fence round houses, farm buildings, gardens, etc., the total quantity of fencing required will be about 50 miles. The calculation is as follows :—

Section fences	28 miles.
Cross-fences, or quar-	..	16 miles.
ter-fences ..		
Other minor and mis-	..	4 miles, ($\frac{1}{2}$ mile, or 880 yards,
cellaneous fences		per section).
Margin	2 miles.
		—
		50 miles.

Allowing \$160, or £32, per mile as the cost, the total expenditure on fencing will be £1600. For this sum it should be possible to provide all the fences that are required of a thoroughly strong, serviceable type. The owner will be well re-paid in after years for all the time and trouble which he devotes to this important item in the development of his estate. Gates, of which twenty to thirty will be required, cost £1 to £1 10s. each. Their cost will fall within the above estimate.

The next item in the work of development, after the important matter of fencing has been decided and arranged, is that of houses and buildings. The number and size of the houses and buildings to be erected depends, of course, on the number and extent of the separate holdings into which the estate is divided. Before, therefore, discussing types and plans of houses and buildings it will be convenient to consider the matter of sub-dividing the estate.

Each separate holding, of course, requires a separate house and set of farm buildings. Now, in Canada, as elsewhere, it is a commonplace of estate development and management that for large farms a proportionately less per acre expenditure is required on houses and buildings than in the case of small holdings ; the smaller the holding the more expensive do houses and buildings come in proportion to the acreage, while in large farms not only is the initial per-acre capital expenditure proportionately less, but annually recurring maintenance charges also are proportionately lighter. In thickly settled districts, and close to the larger towns and cities, where there is a considerable and increasing local demand for dairy produce and vegetables at good prices, small holdings of good land command a high rent for the purposes of intensive farming and of market gardening, and it pays therefore to divide up land into small holdings, erecting suitable houses and buildings for the small holder, because the higher rent obtainable more than compensates the owner for the increased per-acre cost of the erection of the buildings. But in newly-opened districts the case is different. There is practically no local demand for dairy produce and vegetables ; as a rule, each farmer raises what he requires for his own needs. Those who are not engaged in agriculture are few, and easily supplied.

There is no opening for the vegetable gardener or the small dairy farmer. Small holdings are, consequently, not in demand, and do not command a higher per-acre rental than large farms.

The Size of Farms

In newly settled districts, therefore, large farms are the general rule. They should, however, not be too large. The larger the farm the more capital does the farmer need, and the greater is the necessity for expert supervision and economical management of hired labour. Now the Canadian farmer, as a general rule, is not over well provided with capital, and the supply of hired labour is a chronic problem, while its economical handling is always a matter of more or less difficulty. Very large farms are, therefore, to be avoided. In the opinion of the writer it would be best to have no larger farm on the estate than 640 acres. At the outset probably the best plan would be to establish eight farms of 640 acres (one section) each, and to erect on each a house and buildings of moderate proportions. Later on, as the district becomes more settled, and farming becomes more intensive, there would be no difficulty in dividing up some of these 640 acre farms into two holdings each of 320 acres. The originally erected buildings, provided they have

been planned in the first instance on moderate proportions, will not be wasted ; for, with the growth of mixed farming on intensive principles, there will come also a demand for greater accommodation for live stock and for farm implements and machinery.

Types and Plans of Buildings

Let us now consider the matter of types and plans of houses and farm buildings.

Generally speaking, throughout Canada, and perhaps more in the West than in the East, the principle is adopted of having, as far as possible, all shelter for live stock, machinery and implements, and produce under one roof. In this respect the modern and up-to-date Canadian farmstead, with its one large compact "barn," as it is called, is a striking contrast to the straggling group of buildings which usually serve for shelter on our English farms, and the Englishman in Canada cannot help remarking how the "barn" often dwarfs almost into significance the dwelling-house which lies alongside of it, whereas in the average English agricultural district, the converse is rather the case, the dwelling-house having, as a rule, a more imposing appearance than the stock houses and sheds. The writer does not intend to imply that in Canada more shelter for live stock, implements, and produce is provided

than in England ; he only desires to draw attention to, and to emphasise, the main features of the up-to-date Canadian farmstead, which are : A dwelling-house of moderate size, and a single large and compact "barn," containing under one roof all shelter which may be necessary for live stock, for implements and machinery, and for produce.

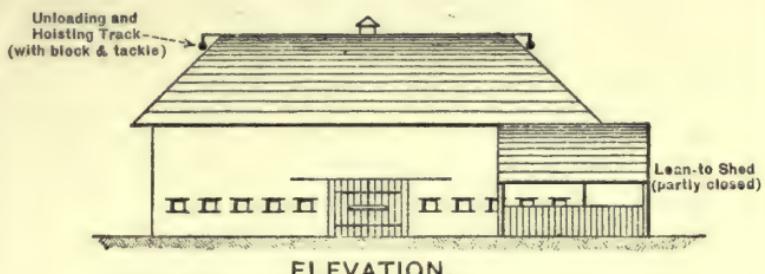
For the ordinary farmer's family a house of five main rooms—living-room, three bedrooms, and kitchen—with verandah, store-room, larder, back kitchen, and cellars, would be ample. Such a house could be built for the sum of £400 (\$2000). The architecture would, of course, be plain, but the building itself ought, for the sum mentioned, to be of thoroughly strong construction, with rooms of ample proportions, well lighted and well ventilated. Care ought to be taken that the architecture and general plan are such as to admit of extensions and additions, if needed later. Local architects and builders will be able to furnish detailed plans of several different types and styles of dwelling-house, containing the accommodation mentioned, and falling within the stated estimate of cost.

A Useful Type of "Barn"

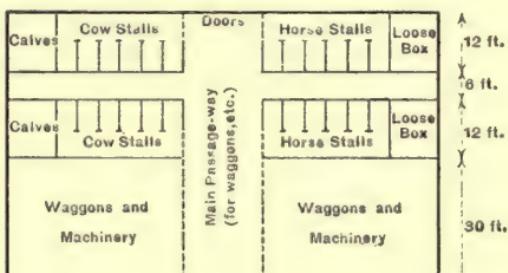
The rough sketches given on page 67 represent in elevation and in plan a useful general type of

"barn." The originals of these sketches were made from a "barn" belonging to a friend of the writer: they were intended only to serve as a guide to an experienced draughtsman in the preparation of a detailed plan. They are not drawn to scale, but they illustrate well the type of "barn" recommended. The dimensions given and the method of dividing up the available space may be modified to suit individual requirements.

A "barn" such as this can be erected for £600 (\$3000) more or less. It will afford all the shelter required for practical purposes on a 640 acre farm, at any rate, during the first few years of its development. Later on, when the system of farming becomes more intensive, and when mixed farming becomes the rule, additional shelter will certainly be required in some cases, unless, indeed, the size of the farms is reduced. One farmer, perhaps, intending to specialise in hog raising, will require a range of hog pens; another, taking up pedigree horse raising, will, may be, require a separate and strongly constructed stallion stall; while a third may ask for fowlhouses and other special facilities for raising poultry on a large scale. These and similar requirements will certainly have to be met from time to time as the estate becomes more fully developed; they will not, however, be very expensive items, and they can well be met on a large estate

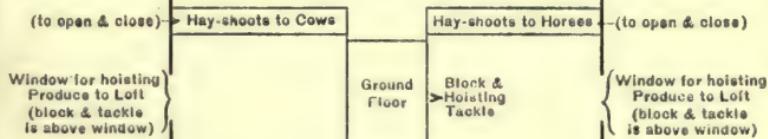


←-----36 ft.-----→ ← 16 ft. → -----36 ft. -----→



**PLAN
GROUND FLOOR.**

Hay,etc.



PLAN-LOFT.

out of the amount annually set aside out of revenue for repairs and renewals, especially as during the first few years repairs are likely to be a light charge.

A dwelling house, costing £400, and a large "barn," costing £600, on each farm, are, then, the two main items under the head of buildings. The total cost for each farm will be £1000, and for the whole estate £8000.

Details of Construction

It will be convenient at this stage to notice a few details of construction and to indicate some directions in which economics can be effected. There are two methods by which the construction of buildings is usually carried out. Either the contract system is adopted—both material and labour being provided by the contractor, who receives a lump sum on completion of the work—or the landowner purchases his own materials, hires builders, and superintends the construction himself. Each method has its own advantages and disadvantages, and it is not possible to state positively that one is better than the other. The special conditions and circumstances of each case must decide which method is to be adopted. In and near populous centres, where there are usually a number of well known contractors available to

select from, excellent results are obtained by employing a reliable contractor. It is not, however, always easy to lay one's hands on a reliable contractor, because contractors who have the reputation of doing good work at moderate rates are usually fully employed. And in newly settled and partially developed districts it is often impossible to find a contractor with the necessary knowledge and financial means to complete a contract. In such cases it is best for the landowner himself to take the matter into his own hands, obtaining his plans from an architect if he cannot draw them himself, purchasing his own materials, and hiring such labour as he needs. The writer recommends the adoption of this plan. A really reliable and experienced working foreman is a *sine qua non*. He must be paid an ample monthly wage, and must understand clearly that this is the only source of his remuneration, no percentages or discounts on bills for materials or wages of hired men being allowed. The landowner will do well to order and pay for all materials personally, paying cash as far as possible, in order to obtain the benefit of the very considerable discounts which are always obtainable for cash. He should also pay all his workmen personally. An appreciable saving can generally be effected by the economical use of lumber and other materials, and the foreman ought to see to it that as far as

possible everything that can be made of use is used up as the work goes on. All materials should be of thoroughly good quality. The best workmen obtainable should be employed; poor workmen, though perhaps less highly paid, are costly, because they waste material through ignorance.

The location of the farmhouses and buildings is a matter of importance. From the view-point of the theorist it may be best that these should be situated in the centre of each holding. For practical purposes, however, it is usually preferable that they should be on the extreme edge of the holding, as near as possible to a section road, and at the point nearest to the railway station or shipping point. The natural features of the ground or a question of water supply may render necessary some modification of this general rule, but the more closely it is followed the greater will be the convenience and economy to the farmer in matters of transportation to and from the railway.

Breaking the Sod

The last of the main items of capital expenditure on development is the breaking of the sod. The cost of first breaking is always borne by the owner of the soil, all further annual cultivation falling, of course, on the tenant. This initial breaking is often done by steam-gang plough—a method which is

more expeditious and somewhat less costly than that of breaking by horse plough. The latter, however, is the more thorough method. Steam ploughing outfits are suitable where a large area of ground has to be broken quickly in order to lose no time in getting a crop in. In the case under discussion there is no need to make use of a steam ploughing outfit. It is improbable that tenants for all the farms will be found immediately, and it would be bad policy to break a considerable portion of any farm until there seems to be reasonable likelihood of its being shortly let. The breaking should, then, be done by degrees, and as far as possible, it should be left in the hands of the tenants, who would receive payment from the landlord for their work. By this method the landlord would get his breaking done by the man most interested in doing it well, and the tenant would obtain employment and the means to meet his rent during the first year of his tenancy and before his first crop can be harvested and marketed. The best plan would be for the landlord to commence by breaking 50 or 100 acres on each farm—a total of 400 to 800 acres. This could be done by contract, probably by neighbouring farmers. To keep this acreage under cultivation until the arrival of the tenants would not impose any strain on the landlord; and it would be a distinct advantage to any incoming

tenant to find some part of his farm broken and perhaps under crop. Eventually the cost of breaking the whole of the estate will fall on the owner, and for the purpose of this article, therefore, we may make the calculation of the cost at once, and include the amount among the items of capital expenditure. The usual rate for breaking the sod in the Canadian North-West is \$3 to \$4 per acre. If an average of \$3.75—that is, 15 shillings per acre—be taken, the total cost of breaking 5120 acres will be £3840.

Summary of Expenditure

Each of the main items of capital expenditure having now been discussed in detail, it remains to summarise them and to set them out in tabular form. The complete statement of expenditure under this heading is as follows :—

A. Land.

5,120 acres, at £3 10s. per acre	£17,920
B. Permanent improvements to the land.	
(a) Fencing.	
50 miles, at £32 per mile	£1,600
(b) Buildings.	
On each section of 640 acres, £	
1 dwelling house at	400
1 barn at	600
	£1,000
On 8 sections at £1000	8,000
(c) Breaking.	
5,120 acres, at 15s. per acre	3,840
	£31,360

The total initial capital cost of the land, together with the permanent improvements, thus comes to a total of £31,360. The total sum available for the purchase and development of the estate was assumed to be £47,000. There is thus left a balance of £15,640 available as working capital and reserve.

A sum of £1000 will be sufficient to set aside as working capital, leaving available as reserve the sum of £14,640. Even if the estate owner decides to devote a portion of this amount to the establishment of a stock farm, on the lines suggested in the final article, for the purpose of raising pure bred stock, still there will remain an ample reserve. The exact amount of the reserve is however of less importance to us than are the principles to be observed in disposing of it.

Two guiding principles may be laid down as essential to the object of a reserve fund in any business enterprise. The first of these is that the fund should be invested outside the enterprise, so as to be as far as possible unaffected by any adverse influences which may periodically affect the enterprise itself. The second is that the investments must be such as will be readily realisable in cash in case of emergency. While keeping these two guiding principles in view, the necessity of making the fund remunerative in income must not be lost sight of.

In the case under consideration the writer would suggest that the total amount available should be divided up and invested as follows —20 per cent. on deposit at the bank, at three and six month's notice; 30 per cent. in terminable Government bonds; and 50 per cent. in well secured first mortgages on real estate, running for various short terms or repayable by annual instalments. If this plan be followed it would always be possible, in case of any emergency, to realise at once in cash a considerable portion of the reserve fund, while the balance would be realisable without much delay. The average rate of interest would amount to 5 per cent., for though the bank deposits and Government bonds would not return more than 4 per cent., the mortgages ought to give a return of 6 per cent. at least. Under the circumstances an average rate of 5 per cent. must be considered very satisfactory.

IX.—MANAGEMENT AND INCOME EXPECTATIONS.

LET us now discuss the managenemt of the estate during the first few years after its purchase, and make an estimate of the annual revenue which it may be expected to produce.

The Absentee Landowner

No doubt one of the first questions to arise in the minds of some of the readers of this article will be : Is it really practicable for an Englishman resident in England, and probably obliged by personal ties and interests and circumstances to spend the greater part of every year at home, to conduct successfully the manag ement of a landed estate in Canada ? Those who have had neither opportunities nor time to give close consideration to the matter are not unlikely to be disposed to be sceptical on the subject. In the opinion of the writer, who has had some practical experience in such matters,

it is perfectly feasible. Successful estate management in the interests of an absentee landowner is no doubt a problem of some difficulty, but it is a problem which is common to all civilised countries and not by any means peculiar to Canada alone. In such cases the estates are in the hands of a bailiff or land steward, or agent, and in nine cases out of ten they are carefully and successfully managed.

Postal and telegraphic communication, both between inland points in Canada and between Canada and England, has been greatly improved in recent years, and travelling by rail and by sea has become more rapid and more comfortable. Moreover, reliable and experienced agents and stewards are nowadays obtainable at all points in Canada without much difficulty. Practically speaking, Canada is no farther from London to-day than was the North of Scotland 100 years ago, and the distance in miles from England to the Canadian West in no way precludes the possibility of an Englishman resident in England giving the requisite attention to the management of a Canadian estate.

Finding the Tenants

Let us turn now to our estate and its management. We will assume that the whole of the work

of development, which has been discussed in the foregoing article, has been completed during the first year ; that the farms have been fenced off, that the buildings have been erected, and that a portion of the land—50 to 100 acres on each farm —has been broken by contract. The farms are now ready for occupation, and the next step is to find tenants for them. The best way to accomplish this is to avail oneself of the services of a good firm of real estate agents in one of the most important and conveniently situated of the neighbouring towns. These firms have special facilities for letting farms ; they are usually acquainted with the agricultural community for many miles around, and quickly hear of anyone who wants to rent a farm ; they lose no time in getting into touch with immigrants into the district, and they do really valuable work in placing them on vacant holdings. They are usually active and energetic, and advertise extensively. They are generally paid by results, on a commission basis, and it is to their interest to endeavour to let a place quickly and for its full value. The same firm should be employed to collect rents.

In the case which we are discussing there would probably be no difficulty in finding tenants. That the farms are ready for immediate occupation, that a part of the land is broken and ready for putting in a crop, that the houses are conveniently

constructed and contain good accommodation for a fair sized family, that the "barns" are ample in size and constructed with a view to economy of labour—all these considerations constitute a combination of advantages which is, unfortunately, sufficiently rare in the newly-opened districts of Western Canada, to attract plenty of desirable tenants. Probably all the farms would be let without much delay. It will be best, however, in making our estimate of anticipated revenue, to adopt a conservative view and not to count on obtaining tenants for more than four out of the eight farms in the second year. The remainder would be filled, at any rate, during the early part of the third year. In making our estimate of revenue we must not count on always having all the farms let, and it will be advisable to make a deduction of 10 per cent. from the gross aggregate rents of the estate in order to cover breaks in the continuity of the leases. This percentage will be sufficient to allow of two farms being unlet for six months each, or four farms for three months each, in any one year.

Rents and Terms of Leases

Rents and terms of leases are at present subject to many variations in Western Canada. Generally

speaking, there are two ways of paying rent—by cash, or by a share (usually, but not always, one-half) of the produce. The cash rental is in some ways the more satisfactory ; as compared with the system of renting on shares, it produces, perhaps, on an average, a smaller revenue for the landowner, but it saves him anxiety as to the seeding and the growth of the crops, and the outcome of harvest, as well as the trouble of collecting and selling his share of the crop ; it also leaves the tenant complete liberty of choice of the particular branch of agriculture to which he will turn his attention, and enables him to adopt mixed farming. On the whole, the system of renting “on shares” will be found to be the more remunerative for the landowner, and it is perhaps the more common. But one method will suit one tenant, while the other will suit another, and the landowner will be well advised to endeavour to meet individual requirements. If a fixed cash rental is paid, \$2.50, or ten shillings, per acre would probably be obtainable in the first instance. This rent might well be increased in the course of time. If the “share system” is adopted the annual rent return ought to be \$5 (or £1) per acre, assuming that a wheat crop is grown, and taking the conservative estimate of an average yield of twenty bushels per acre, and an average net selling price of 50 cents. per bushel.

The Collection of Rents

The collection of the rents, whether payable in cash or in produce, should be entrusted to the same firm which has been employed to find tenants for the farms. The remuneration of the firm would be a matter for arrangement. There does not appear to be any fixed custom in respect of such matters. Remuneration is sometimes made by a fixed annual inclusive fee, sometimes by the charge of a certain percentage on the gross rentals, while in some cases the firm submits its detailed bill of charges for the work it has actually performed. Whatever be the method of remuneration adopted, the amount ought, in the writer's opinion, to fall within \$1000 or £200 per annum.

It is doubtful whether, in addition to employing a firm of estate agents, to see to the letting of the farms and to collect rents, it is also necessary to employ an estate steward. But if the farms are for the most part let "on shares," then there would be need of the services of such a man to look after the landlord's interests. In the circumstances, it is somewhat difficult to state with exactitude the amount of expenditure which will have to be incurred each year under this head. The case will probably be met if, in addition to the above-mentioned charge of \$1000, a further sum of \$1000

be allotted, the total amount of \$2000 being intended to cover all expenses coming under the head of "estate steward's and agent's fees."

A fixed sum ought to be set aside every year out of the gross revenue of the estate to meet the cost of periodical repairs and renewals. Ten per cent. of the aggregate rents of the whole estate will be sufficient for the purpose. During the first few years the expenditure under this head, will of course, be light; nevertheless, the full amount should be set aside each year, with a view to forming a fund which can be drawn on in after years if necessity arises.

The taxes on the whole estate would be probably covered by a sum of £120. This would allow of taxes to the amount of £15 (or \$75) being imposed on each section, which is as much as is likely to be called for, at any rate, for some years.

Revenue and Expenditure

Having discussed in detail the various items of revenue and expenditure, we are now in a position to make, with a fair degree of accuracy, an estimate of the net revenue which may be anticipated. The calculation will perhaps be clearer if set out in the form of a tabular statement.

Here it is :—

REVENUE.

Rent of farms—

4 farms at \$1,600 or £320 each, cash rental	£1,280
4 farms " on shares " producing an average of \$3,200, or £640 each	2,500
	<hr/>
	3,840
Deduct 10 per cent. on account of breaks in letting and other contingencies	384
	<hr/>
Gross revenue ..	£3,456

EXPENDITURE.

Taxes—8 sections at £15 each	120
Maintenance and repairs—10 per cent. of rents received	346
Management—Estate steward and agency ..	400
	<hr/>
Net revenue ..	£2,600

The net revenue from the estate, then, comes out at £2600.

The capital cost of the estate, including its development, was seen to be £31,360. To this capital sum must now be added a sum sufficient to cover the ordinary working expenses of the estate, which sum would be at the bank, to be drawn on for current expenses as required. Having regard to the fact that the total estate expenditure for a year amounts to £866, it should be sufficient to set aside a sum of £1000 as working capital. The total sum employed in the undertaking will then be £32,360. The net revenue of £2600 represents an income return of 8 per cent. on this sum.

Landowner's and Farmer's Prosperity

The initial measures of development of the estate would probably occupy a year, during which time no revenue can be looked for. During the second year the whole of the farms might not be let, and not more than half the estimated revenue, as calculated above, should be counted on. For the third year, with most, or all, of the farms let, the estimated revenue of £2600 may be looked for. Thereafter the net revenue ought to gradually increase.

Let it be remembered that, throughout the calculations which have been made, the most conservative figures have been taken at every stage. On all items of capital expenditure a good margin has been allowed. On the items of annual expenditure the amounts allowed are liberal. On the other hand, the anticipations of revenue rather err on the side of moderation ; the cash rents have been placed low, and in the case of "share rentals" not only has a low average crop yield been taken, but the net selling price also has been put at a low figure. Moreover, a shortage of rents amounting to 10 per cent. has been allowed for. The writer would therefore regard the net revenue of £2600, as calculated above, as being a minimum under normal conditions, and he would anticipate a larger annual revenue, at any rate after the fourth year. The establishment

of a thoroughly developed and improved estate, such as has been described, would undoubtedly act as a powerful incentive to all owners of property in the neighbourhood to develop and improve their lands. Throughout the district a considerable general increase in prosperity would result. Farmers profits might reasonably be expected to increase, not only as a direct result of the increased general prosperity, but also because, with closer settlement, would come the adoption of intensive cultivation, and of that most profitable of all branches of farming, mixed farming. The increased prosperity of the farmers would be shared by the landowner, for cash rents would rise, and where "share rentals" were agreed on, the value of the landowner's share would increase proportionately to that of the farmer.

The question of the establishment of a model farm on the estate must be left for discussion in a further article.

X.—AN ESTATE STOCK FARM.

THE question of establishing an stock farm on the estate, for the purpose of breeding from pure stock of all descriptions, has already been referred to. The primary object of such a farm would be to serve as the means of introducing pure bred live stock among the tenants on the estate, and to encourage them to breed and keep stock of a high class. It would also be the means of providing, should any one of the farms on the estate be temporarily unlet, the staff, or at any rate the nucleus of the staff, needed to keep it in cultivation.

Well-Bred Stock Most Remunerative

The experience of the writer has been that in Western Canada many farmers make the mistake of keeping and breeding stock of an inferior class—whether horses, cattle, sheep, or hogs. To do so is poor business. Low bred stock costs as much to feed and attend to as does high class stock; it is more difficult to rear than high-class stock, being more susceptible to disease; and in the end it commands nothing like so good a price. It has been

proved over and over again that well bred stock is more remunerative than badly bred stock, and no one recognises the truth of this more thoroughly than does the Western farmer. He is, however, often prevented from following what he knows to be the best and wisest plan, not so much by the larger outlay of capital needed to form the foundation of a well bred herd or flock (although, no doubt, this consideration also carries weight in many cases), but rather by the difficulty of laying his hands on high class animals of the description which he needs within reasonable distance of home and just when he requires them. To be able to purchase pure bred stock close at home is a real boon to farmers, of which experience shows they are not slow to take advantage.

If proof be needed that a farm for raising pure bred stock can be maintained profitably under existing conditions in the Canadian West, one has only to turn to the actual experience of existing stock farms both in Canada and in the United States. An example of a successfully conducted stock farm is found in the Balbriggan stock farm, near Calgary, Alberta.

This farm was visited by the writer some three years ago. The owner, Mr. Turner, was kind enough to show him over the establishment, and to give him some valuable information as to his methods and

the results of his operations. His stock, the quality of which was maintained by frequent importations of new blood from England, was in good demand locally at remunerative prices, and the business had every indication of being most profitable.

Pure bred stock, for the purpose of starting a stock farm on the lines indicated may be obtained either from Europe or from existing breeding farms in Canada. There is some difference of opinion as to which of these two methods is the better. On the one hand, it is stated that Canadian bred stock of a pure strain, being acclimatised, is more suitable for the purpose of starting a stock farm than is stock imported from Europe, and it is also urged that in importing stock there are great risks to be faced during transit by sea and land. On the other hand, it is argued that the difference in climate between the two Continents is not sufficient to affect stock prejudicially, and it is pointed out that it is possible to insure against losses, at any rate during transit, and to some extent afterwards. But the strongest argument in favour of the importation of live stock from abroad seems to be that at present the supply of Canadian bred stock of pure strains is insufficient to meet the demand, which, moreover seems to be growing, and to be likely to increase more rapidly than the supply, at any rate for some years to come. All things considered, the writer

would advise the prospective breeder to collect his foundation stock mainly from European sources, without, however, ruling out Canadian bred animals if it is found possible to obtain really good animals of a pure strain and of the class required from well known breeding establishments.

Pure Bred Stock from England

There is no difficulty in obtaining pure bred stock from England. There are many old firms of live stock agents throughout the country who have had long experience of the business of exporting live stock. They can be relied on to collect any animals previously selected by oversea buyers, and to dispatch them to their destination, after insuring them and engaging such attendants as may be required. Many of these firms are sufficiently reliable to be entrusted with the responsibility of making selections on behalf of absentee purchasers from the studs, herds, and flocks of well known breeders.

A word of caution must be given against overstocking at the outset. It would be unwise to assemble a large head of stock until a sufficient staff of efficient hands has been brought together. This is a matter which requires time. Efficient and reliable stock hands are always in great request in the Canadian West, and are not always easy to

obtain quickly. If valuable animals are entrusted to inexperienced hands loss is inevitable.

The Capital Required

Beyond the foregoing general remarks the writer does not propose to go. To give a detailed and reliable estimate of the capital expenditure required in order to stock and equip a model farm for the purpose of raising pure bred horses, cattle, sheep, and hogs would involve the close consideration of many matters which are beyond the scope of this series of articles. The types of horses most suitable for heavy draught work and for general purposes under prevailing conditions in Western Canada, the classes of hardy cattle most suitable for dairy or feeding purposes, and similar considerations in the case of sheep and hogs—all these questions would require to be discussed fully before the matter of purchase price and cost of transportation could be touched. The number of each description of animal to be purchased would be governed by the total acreage which the estate owner might find it convenient or consider it desirable to make available for the purpose of a stud farm ; and this, again, would depend to a great extent on his taste for such an enterprise, on his private experience, on his leisure for supervision, and on the possibility of

obtaining an expert manager or foreman and staff. Obviously a detailed discussion of all these matters is beyond the scope of articles dealing primarily with the purchase and development of an estate, although some general remarks are justified by the general relevance of the subject to the theme of agricultural prosperity.

Whatever may be the capital sum which an estate owner may decide to devote to the raising of pure bred stock, no matter whether it be a few hundred pounds only, or a thousand pounds, or more, the outlay will be justified, not only directly by the income returns from the enterprise, but indirectly also by the increased prosperity of his tenants due to the greater profits to be obtained by the production of live stock of a better class.

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